

State of Alaska, Japan Office
Biweekly Seafood Narrative Report
Vol. 3, No. 2 – January 26, 2001

Alaskan Pacific Cod shirako (milt/soft roe)

- Overheated Market Results in Low Grade Products
- Major Producer Warns Japanese Buyers to Cool It

Air shipments of shirako from Alaska to Japan started in January with the opening of the Alaskan Pacific Cod fishery. Slow production of domestic shirako in Japan has created even more interest in purchases from Alaska. New buyers appearing on the scene are raising prices, resulting in a “seller's market.” This means lower quality products are in the market as packers become less selective with their purchases. Its no surprise that those in the marketplace are urging everyone to cool down before the cod season hits its peak and prices go back to normal.

The fresh air-shipped shirako comes from Pacific Cod caught near Kodiak Island. The product is packed into five ten-pound bags per box at the source, the shirako is then re-packed by Japanese processors into one-kilo packs for delivery to the domestic market. Production and deliveries will reach their peak at the end of January and continue into February. Following usual buyers who are caught in this demand cycle, are the Japanese importers, including some new major players, who are entering the market in hopes of capturing last year's profit levels.

The traditional supply pattern for the shirako market has been small quantities available in January, followed by the peak season in late-January to February, when the prices decrease due to abundant supply. Typically importers used to make their profits prior to the peak of the season—then lose the margin during the peak. However, last year was an exception: prices remained high due to poor weather, which then lowered the catch. This year, the newcomers, who are looking for profits similar to last year, are fueling the excessive prices.

Consequently, the current domestic price of shirako in Japan has increased by 50% compared to last year's market price. The problem is escalating as Japanese buyers (many of which do not have the marketing experience to effectively sell the shirako) are purchasing the majority of the supply, including the low-grade product. A major importer has sent

warnings to Japanese buyers that these events will cause the shirako market to lose credibility (one which has taken a decade to build). Alaskan packers should also be on guard so as not to gain a reputation for producing low-grade shirako, as this could have a negative effect on all parties concerned.

(Nikkan Hokkai Keizai Newspaper, dated January 18, 2001)

Alaska Opilio

According to a report from Alaska, fishermen declined to participate in the January 18th fishery opening and opted to continue to strike as price negotiations for opilio continued. Fisherman rejected the preliminary offer of US\$1.45 from Trident, the largest negotiating company. The fishermen were asking for US\$1.80, five cents less than last year's price of \$1.85. The large difference in expected price is indicative of the situation for each side. For the fishermen, the GTL volume was drastically cut from a high of 195,780,000 lbs. in 1998 -- to 2,850,000 lbs. in 1999. This volume was further decreased to 2,730,000 lbs. this year, which will further decrease the fishermen's income. They will continue to strike until a reasonable price can be negotiated. On the opposing side, the packers have experienced problems due to the shrinking U.S. domestic market and the diminished purchasing power from the weak Japanese yen, this creates a problem in agreeing with the fishermen's demands.

(Nikkan Seafoods News, dated January 22, 2001)

Sapporo Central Market – Report on Year-end Sales

- **Salted kazunoko (herring roe)**

The sales volume for salted kazunoko increased by 34% (164 tons) over last year during the year-end sales season at the Sapporo Central Market. The unit price was 2,208 yen per kilo (a 25% decrease from the prior year.) As a result, total sales increased a mere 1% (362,330,000Y). The price cuts in the distribution channels and a decrease in price received for herring roe contributed to a decrease in the market price (over 700Y per kilo.) While this contributed to an increase in sales of Yu-Packs and 3-kg packs over the previous year, market observers are not overly confident about the future sales of kazunoko. As the salted kazunoko consumption continues to decline without signs of reversal, price cuts are inevitable.

- **Aji-tsuke kazunoko** (flavored kazunoko)

Sales were good this year for aji-tsuke kazunoko made from good quality, reasonably priced Russian herring roe. Good deliveries were also made to the Tokyo market but total sales have declined. The turnover at the Sapporo Central Market came to 438 tons, a one percent decrease from same month last year. The average per unit price was 1,677Y or 2% less. The total sales value totaled 734,970,000Y indicating a 3% decrease.

The consumption of aji-tsuke kazunoko has increased greatly, in line with consumer preference for ready-to-eat food products. New ajitsuke kazunoko products have come out in response to a stable market for these delicacies.

- **Salted tarako (Pollack roe)**

The jump in FOB price for pollack has resulted in short supplies of salted roe and a dramatic decrease in purchase volume. The demand for salted tarako for gifts has been on the decline each year, especially in the supermarkets as retailers have stopped placing orders for the product.

The average wholesale price of tarako in December was 3,077Y per kilo, up 30% from the same month last year and the highest price in recent years. These high prices have negatively impacted the total volume purchased, which weighed in at 189 tons, a 33% decrease from same month last year. Total sales value this year came to 582,290,000Y or a 13% decrease from same month last year.

In an attempt to recover lost ground, 380-gram and 500-gram gift packages were tried but the sales did not recover. There is a concern that if these high prices continue, consumers demand will not return.

(Nikkan Hokkai Keizai Newspaper, dated January 18, 2001)

Salmon/Masu Inventory Trend - End November, 2000

	End Oct-00	End Nov-00
Nationwide		
Frozen Salmon	76,728	71,673
Frozen Masu	19,005	18,173
Total of Frozen Salmon & Masu	95,733	89,846
Salted Salmon	21,579	20,801
Salted Masu	2,659	2,798
Total of Salted Salmon & Masu	24,238	23,599
Grand Total	119,971	113,445
Production Site		
Frozen Salmon	35,154	34,030
Frozen Masu	7,943	6,982
Total of Frozen Salmon & Masu	43,097	41,012
Salted Salmon	11,882	11,191
Salted Masu	1,794	2,100
Total of Salted Salmon & Masu	13,676	13,291
Grand Total	56,773	54,303
Consumer Site		
Frozen Salmon	41,574	37,643
Frozen Masu	11,062	11,191
Total of Frozen Salmon & Masu	52,636	48,834
Salted Salmon	9,697	9,610
Salted Masu	865	698
Total of Salted Salmon & Masu	10,562	10,308
Grand Total	63,198	59,142

Source: Ministry of Agriculture, Forestry and Fisheries,

Reported by: Nikkan Hokkai Keizai Newspaper,

dated January 19, 2001.

**Roe Inventory Trend - End
November, 2000**

Unit: M Tons

	Nov-95	Nov-96	Nov-97	Nov-98	Nov-99	Nov.-00	Oct-00
Pollock roe							
Production site	3,518	3,511	5,005	5,507	4,729	3,788	4,037
Consumer Site	9,097	10,055	12,092	12,334	10,205	10,698	10,752
Total	12,615	13,566	17,097	17,841	14,934	14,486	14,789
Salmon & Masu roe							
Production site	2,396	2,843	2,391	2,095	2,595	2,091	1,639
Consumer Site	8,028	5,747	4,877	5,755	5,009	5,911	5,922
Total	10,424	8,590	7,268	7,850	7,604	8,002	7,561
Kazunoko							
Production site	2,144	2,357	3,431	2,938	2,566	2,562	3,773
Consumer Site	4,150	4,828	6,346	5,577	4,847	4,684	4,286
Total	6,294	7,185	9,777	8,515	7,413	7,246	8,059

Source: Ministry of Agriculture, Forestry
and Fisheries -
reported by Nikkan Seafoods News, dated
January 22, 2001.